

DISTIL BEVERAGES

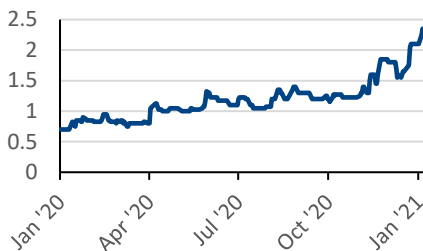
13 January 2021

DIS.L

2.35p

Market Cap: £11.8m

SHARE PRICE (p)



12m high/low 2.3p/0.7p

Source: LSE Data

KEY DATA

Net (Debt)/Cash	£0.6m (at 30/09/20)
Enterprise value	£11.2m
Index/market	AIM
Next news	FY update, Apr '21
Shares in Issue (m)	502.0
Executive Chairman	Don Goulding
Finance Director	Shaun Claydon

COMPANY DESCRIPTION

Distil develops and markets internationally drinks brands, including RedLeg Spiced Rum and Blackwoods Vintage Gins.

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A strong Q3 trading performance....

...and a new Botanical Vodka brand launch, TRØVE

In its key trading quarter, Distil has delivered a strong year-on-year revenue increase of 22%, despite 2020's relatively muted Christmas and New Year festivities. This brings the cumulative year-to-date (YTD) revenue growth for the first nine months to 70%. Distil has also announced the launch of TRØVE, an innovative Botanical Vodka brand, catering to the emerging consumer trend for lower alcohol by volume (ABV) drinks but without flavour compromise. This expands and complements Distil's brand portfolio, further underpinning future growth prospects.

- Trading update details:** The 22% growth delivered in Q3 derived principally from key brands outperforming both their categories and the total spirits market. RedLeg Spiced Rum saw revenue increase 21%, with Blackwoods Gin up an impressive 41%. Channel shift towards online and grocery retail and away from hospitality and travel resulted in a 25% revenue decline for Blavod Vodka. While market and trade channel disruptions have led to marked shifts in both product mix and source of volume, the 70% revenue growth for the first nine months speaks eloquently to how well Distil has performed against a difficult market backdrop. Within this YTD growth, domestic sales have risen by 60% with export revenues leaping by over 200%.
- New brand launch:** The fruits of Distil's new product development (NPD) labours see the late February launch of a new vodka brand, with three flavour variants, developed in partnership with the Master Distiller, Sion Edwards. The new brand, TRØVE, targets the emerging consumer lifestyle trend to lower ABV spirits with a botanical vodka spirit of 30% ABV, compared with the 40% norm, yet delivering the same fullness and complexity of flavour as a full-strength vodka. The three launch variants are Valencian Orange with Lime Leaf, Green Apple with Ginger and Raspberry with Lemongrass and Mint. These have been awarded one silver and two gold medals at the Low & No Masters 2021 event organised by The Spirits Business trade magazine, which bodes well as a positive portent for their commercial prospects.
- Outlook and forecast guidance:** Given the recent introduction of further Covid-related restrictions in the UK and broader ongoing uncertainties, Distil remains unable to provide market guidance on the full year outturn.

FYE MAR (£M)	2018	2019	2020
Revenue	2.01	2.40	2.44
Adj EBITDA	0.16	0.17	0.25
Fully Adj PBT	0.16	0.16	0.18
Fully Adj EPS (p)	0.03	0.03	0.05
EV/Sales (x)	5.6x	4.7x	4.6x
EV/EBITDA (x)	68.7x	66.4x	45.6x
PER (x)	74.5x	73.3x	45.7x

Source: Company Information and Progressive Equity Research estimates

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Please refer to important disclosures at the end of the document.

Financial Summary: Distil

Year end: March (£m unless shown)

	2018	2019	2020
PROFIT & LOSS			
Revenue	2.01	2.40	2.44
Adj EBITDA	0.16	0.17	0.25
Adj EBIT	0.16	0.16	0.18
Reported PBT	0.16	0.16	0.18
Fully Adj PBT	0.16	0.16	0.18
NOPAT	0.16	0.16	0.26
Reported EPS (p)	0.03	0.03	0.05
Fully Adj EPS (p)	0.03	0.03	0.05
Dividend per share (p)	0.00	0.00	0.00
CASH FLOW & BALANCE SHEET			
Operating cash flow	0.17	0.09	(0.10)
Free Cash flow	0.13	0.04	(0.14)
FCF per share (p)	0.03	0.01	(0.03)
Acquisitions	(0.02)	(0.01)	(0.02)
Disposals	0.00	0.00	0.00
Shares issued	0.01	0.00	0.00
Net cash flow	0.12	0.04	(0.21)
Overdrafts / borrowings	0.00	0.00	0.00
Cash & equivalents	1.03	1.07	0.86
Net (Debt)/Cash	1.03	1.07	0.86
NAV AND RETURNS			
Net asset value	3.01	3.17	3.43
NAV/share (p)	0.60	0.64	0.68
Net Tangible Asset Value	1.46	1.62	1.86
NTAV/share (p)	0.29	0.32	0.37
Average equity	2.91	3.09	3.30
Post-tax ROE (%)	5.4%	5.2%	7.8%
METRICS			
Revenue growth	22.6%	19.2%	1.7%
Adj EBITDA growth	1097.6%	3.4%	45.6%
Adj EBIT growth	1531.8%	1.6%	15.0%
Adj PBT growth	1531.8%	1.6%	13.7%
Adj EPS growth	1531.8%	1.6%	60.4%
Dividend growth	N/A	N/A	N/A
Adj EBIT margins	7.8%	6.7%	7.5%
VALUATION			
EV/Sales (x)	5.6	4.7	4.6
EV/EBITDA (x)	68.7	66.4	45.6
EV/NOPAT (x)	71.3	70.2	43.0
PER (x)	74.5	73.3	45.7
Dividend yield	N/A	N/A	N/A
FCF yield	1.1%	0.4%	(1.2%)

Source: Company information and Progressive Equity Research estimates

Disclaimers and Disclosures

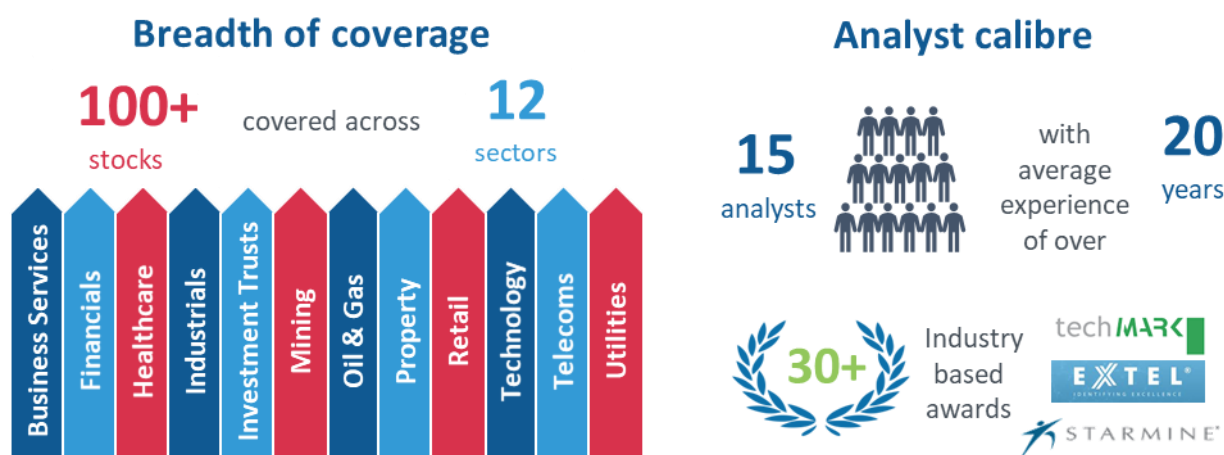
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